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ABSTRACT

The budgeting handbook for school districts in the State of New York was first published in 1955. This latest revision is designed to address a number of significant changes that have occurred recently in the area of school finance and management. It is also designed to provide a basis for the establishment and maintenance of budgetary systems in school districts that will comply with statutory requirements, yet will allow sufficient flexibility to accommodate the needs of the individual school district. The document, intended to provide general guidelines regarding budgetary practices rather than a detailed plan for budget development, is organized in the following chapters: (1) budget policy; (2) legal aspects; (3) a budget planning guide; (4) budget process; (5) budget implementation; (6) other funds; (7) reserves; (8) independent audit; (9) fund balance; and (10) automation of budgetary and accounting processes. Legal references to state laws are cited. The appendixes contain the following: (1) sample budget calendar and deadline dates; (2) sample budget development planning guide; (3) a description of board of education responsibility for determination of ordinary contingent expenses; and (4) a Formal Opinion of Counsel No. 213 on a number of issues. (MLF)

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BUDGETING

School Business Management
Handbook Number 3

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The University of the State of New York
The State Education Department
Bureau of Educational Management Services
Albany, New York

EA 019 860

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BUDGETING

School Business Management
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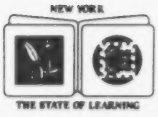

The University of the State of New York
The State Education Department
Bureau of Educational Management Services
Albany, New York

TO: Superintendents of Schools
District Superintendents
School Business Officials

FROM: Gerald L. Freeborne

SUBJECT: 1987 Revision of School Business Management Handbook #3, Budgeting

The budgeting handbook for school districts was first published by the State Education Department in 1955, and since that time has been revised and reprinted several times. This latest revision is designed to address a number of significant changes that have occurred recently in the area of school finance and management. It is also designed to provide a basis for the establishment and maintenance of budgetary systems in school districts which will comply with statutory requirements, yet will allow sufficient flexibility to accommodate the needs of the individual school district.

The 1987 revision constitutes a cooperative effort which involved State Education Department personnel, practicing business officials, and a member of the accounting profession. For this reason, we believe that the document provides a practical guide to budget development and administration which will be useful to school districts in the budgetary process.

It is our intention to provide for future revisions as additional changes occur. Therefore, we solicit your suggestions for further improvement of the handbook. Please submit your comments and suggestions to:

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Acknowledgment

Special acknowledgment is given to the Budget Handbook Revision Committee for their time and valuable input. Without their support the important ingredient of practical application to the budget process would be lacking.

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FOREWORD

Public school districts face serious challenges due to rising costs, variable enrollments and difficulty in obtaining adequate resources. To manage a district cost effectively and within legal constraints while meeting program objectives, one must plan, evaluate and control the activities of the district. A sound budgeting system is fundamental to efficient and effective management.

Budgetary accountability is required from all levels of government as well as the voter community. Society demands close monitoring and compliance in the spending of government funds. In addition, the public demands full disclosure and involvement in the spending of its tax dollars.

Because of the continued complexity and cost of operating a school district, careful use must be made of limited State, Federal and local resources in order to benefit the student. Good planning will assure that these funds are directed to those purposes for which they are made available. It requires time and study to adequately understand a good educational program and to express it in terms of its financial requirements. In order to effectively develop and administer the budget it is important to define what will be accomplished, how and when it will be accomplished, and the responsibility of each level of authority in meeting these objectives.

Good budgeting has been described as securing the greatest educational return from every local, State and Federal tax dollar.

This document has been prepared to assist school district administrators and boards of education in planning service and expenditure programs and in developing annual budgets.

It should be noted that the document is intended to provide general guidelines regarding budgetary practices rather than a detailed plan for budget development.

TABLE OF CONTENTS

ACKNOWLEDGMENT i

FOREWORD ii

I. BUDGET POLICY

- A. The Need for Board of Education Policy 1
- B. Policy as Opposed to Administrative Regulations 1
- C. Suggested Content of Policy Statements 1

II. LEGAL ASPECTS

- A. Responsibility of Boards of Education to Prepare Budgets 3
- B. Legal Process Involved in Adopting Budgets 4
- C. Availability of Proposed Budgets 4
- D. Adoption of the Regular Budget 5
- E. Contingent Budget 5
- F. Taxing Power 6
- G. Total Expenditures Not to Exceed Appropriations 6
- H. Budget Transfers and Supplemental Appropriations 6

III. A BUDGET PLANNING GUIDE

- A. Budget Calendar 8
- B. Long Term Planning 9

IV. BUDGET PROCESS

- A. Sequence of Events 11
- B. Fund Balance 12
- C. Authorization 12
- D. Popular Budget 12
- E. Budget Defeats 13

V. BUDGET IMPLEMENTATION

- A. Monitoring the Budget 14
- B. Budget Transfers 14

VI. OTHER FUNDS

- A. School Lunch Fund 16
- B. School Store Fund 16
- C. Special Aid Fund 16
- D. Debt Service Fund 16
- E. Capital Projects Fund 16

VII. RESERVES
A. Workers' Compensation Reserve 17
B. Unemployment Insurance Reserve 17
C. Repair Reserve 17
D. Capital Reserve 17
E. Insurance Reserve 17
F. Property Loss Reserve and Liability Reserve 17
G. Mandatory Reserve for Debt Service 17
H. Reserve for Tax Reduction 18
VIII. INDEPENDENT AUDIT 19
IX. FUND BALANCE 20
X. AUTOMATION OF BUDGETARY AND ACCOUNTING PROCESSES 21
APPENDIX A — Sample Budget Calendar and Deadline Dates 23
APPENDIX B — Sample Budget Development Planning Guide 25
APPENDIX C — Board of Education Responsibility for Determination of Ordinary Contingent Expenses 28
APPENDIX D — Formal Opinion of Counsel No. 213 32

I.
BUDGET POLICY

The foundation for the budget process is based on the board of education budget policy. A comprehensive budget policy guides the district administration in complying with the wishes of the board of education. To insure that the district's educational goals are met, budget policy should be based upon and consistent with the board's educational philosophy.

A viable budget policy is a yardstick by which the board of education can measure and evaluate the effectiveness of its budget process. Policy will provide areas of responsibility, continuity of budget process, adherence to laws and regulations, and establish expenditure controls.

A. THE NEED FOR BOARD OF EDUCATION POLICY

A sound effective budgeting process must begin with positive direction from the board of education in the form of budget policy. This policy should be kept up-to-date, and should be available to all district personnel involved in the budgetary process.

There are, of course, obvious rewards for the compilation and formation of the budget policy statement. These include: adequate control of the budgetary process so that a realistic financial plan is produced in a timely manner; consistency in the budgetary process from one budget cycle to the next; fixed responsibility for the various elements of the budget preparation process and for administration of the adopted budget; assurance that financial commitments do not exceed specific appropriations.

B. POLICY AS OPPOSED TO ADMINISTRATIVE REGULATIONS

Like all policy statements, budget policy establishes general guidelines or plans of action to be followed by district personnel. Day-by-day operations are usually controlled by a more detailed set of administrative regulations and procedures that are consistent with policy. They are more subject to change than policies.

Examples of a policy and regulation are as follows:

Policy

The chief school officer, in cooperation with all staff members concerned, is charged with the responsibility to prepare and present the recommended budget to the board for its review. The recommended budget should be presented to the board no later than the first board meeting in April.

Regulation

All department heads and building principals will have their requests for instructional supplies and equipment for budget preparation to the Superintendent's office no later than the third week of December, using forms provided by the business office.

C. SUGGESTED CONTENT OF POLICY STATEMENT

1. **Responsibility for Preparation**
   a. The board of education is responsible for the preparation and presentation of the budget to the residents. The annual budget shall be prepared in accordance with the laws of the State of New York. ((Education Law, Sections 1716, 1804, and 2516)).
   b. The board of education should charge the chief school officer with the responsibility of initiating, supervising and coordinating the budget preparation for presentation to the board of education.
   c. All staff members, both professional and support staff, are charged with the responsibility to assist the chief school officer in the development of the budget.
2. **Long-range planning**
   a. The chief school officer with the cooperation of the business official and other staff members is charged with the development of a five-year, long-range plan. Such plan should be updated on an annual basis.

3. **Budget Calendar**
   a. The board of education, with the assistance of the chief school officer and the business official, shall develop and present for board adoption a budget calendar setting forth the approximate times of the year and order of consideration of budget items by the board. Once the budget calendar has been established in policy, the chief school officer and the business official should establish an administrative calendar as a regulation. This calendar will list the actual calendar dates, which may vary from year to year, to correspond to the board calendar. (See appendix A, *Budget Calendar and Deadline Dates*).

4. **Authorization**
   a. Final approval of the budget to be presented to the voters will rest with the board of education. City school districts will base the approval upon Education Law, Section 2516 and 2519.

5. **General Format for Popular Budget**
   a. The popularized budget for presentation to the district residents will be prepared by the chief school officer with the assistance of the business official. The detail shall be no less than that required by the Commissioner of Education and be available as required by Education Law, Sections 1716 and 2516. The board of education will approve the popularized budget prior to its release (Education Law, Sections 1716, 2516).

6. **Budget Adoption**
   a. The proposed budget will be presented to the voters of the district at the annual meeting of the school district. The voters will approve the budget by majority vote of those present (Education Law, Section 2022). Budget adoption for the city school districts shall follow Education Law, Sections 2517 and 2519.

7. **Use of Fund Balance**
   a. The business official will present to the board of education a prediction of estimated year-end fund balance periodically during the year. The business official is charged with estimating as accurate a fund balance as possible for budget presentation so that the board will comply with the requirement of Real Property Tax Law, Section 1318(1) that it use the full fund balance to reduce taxes less the allowable withholding percentage.

8. **Administration**
   a. The chief school officer is responsible to the board of education for keeping the adopted budget in balance and for keeping control of the expenditures within the budget parameters established by the voters. The day-to-day administration of the annual budget is centralized in the business function of the district under the supervision of the business official and members of the business office staff.
   b. The adopted budget is to be entered into appropriate books of account. All subsequent receipts and expenditures are recorded and controlled in accordance with the various categories of the adopted budget.
   c. The board of education shall require the district treasurer to render a monthly report of the status of the budget for each fund as required by Regulations of the Commissioner of Education, Section 170.2(p).

9. **Budget Transfers**
   a. The board of education is required to keep the incurred obligations within the amount of the total annual appropriations voted or authorized and the prior year's outstanding encumbrances. The board of education may make transfers or authorize the chief school officer to make transfers within limits established by the board and in accordance with Commissioner's Regulations, Section 170.2(k) and (l).

II.
LEGAL ASPECTS

A. RESPONSIBILITY OF BOARDS OF EDUCATION TO PREPARE BUDGETS

The laws of the State of New York are quite explicit as to where the responsibility of budget preparation and presentation dwells. The responsibility resides with each board of education. The pertinent sections of law relating to each type of school district in New York State are listed below:

1. Union Free School Districts

"It shall be the duty of the board of education of each district to present at the annual meeting a detailed statement in writing of the amount of money which will be required for the ensuing year for school purposes, specifying the several purposes and the amount for each..." (Education Law, Section 1716)

2. Central School Districts

Subdivision 1 of Section 1804 of the Education Law generally provides that all provisions of the Education Law and any other law relating to union/free school districts shall also apply to central school districts. For this reason, budgetary procedures followed by central school districts are the same as those followed by union free school districts.

3. City School Districts in Cities of Less than 125,000 Population

"The board of education annually shall prepare or cause to be prepared a tentative budget of the school district for the ensuing fiscal year" (Education Law, Section 2516, subd. 1)

The Board of Education of each city school district of less than 125,000 population has additional requirements as to what form the tentative budget must take and filing dates. The tentative budget must be filed with the clerk of the board no later than thirty days prior to the beginning of the fiscal year. (Education Law, Section 2516)

The tentative budget shall be in such form as the Commissioner of Education shall prescribe and shall show the following.

a. A detailed statement of the several amounts recommended as necessary to be appropriated for conducting the business of the school district and for other purposes contemplated by the Education Law and by other laws for the ensuing fiscal year. The amount for each purpose estimated necessary for payments to boards of cooperative educational services shall be shown in full, with no deduction of estimated state aid.

b. A statement of the amount required for payment of interest on, authorization of, or redemption of indebtedness of the school district during the ensuing fiscal year.

c. A statement of the amount recommended as necessary to be appropriated for the payment of judgments against the school district payable during the ensuing fiscal year.

d. A statement of the amount estimated to provide for a reserve for uncollectable taxes.

e. A statement of the estimated amount of gross revenues to be received by the school district during the ensuing fiscal year, other than the proceeds of the tax on real estate levied for such fiscal year. Such statement shall be classified in such manner as to show receipts by funds and sources of revenues.

f. A statement of the estimated receipts from (1) the collection of unpaid school taxes, including interest and penalties thereon; and (2) the sale of tax liens or of property for such unpaid taxes by the city or county.

g. A statement of the estimated cash balance available for expenditures of the ensuing fis-

cal year, after deducting commitments estimated to be outstanding at the close of the current fiscal year. Such statement shall be classified by funds.

h. A statement of the amounts, if any, recommended to be appropriated from any reserve fund established pursuant to law, showing the purpose of each such appropriation.

i. A statement of the amount of taxes to be levied on real estate.

j. The board of education may include in the tentative budget an amount recommended as necessary to be appropriated for contingent purposes, to be known as the contingent fund. The amount which may be appropriated for such purposes may not exceed certain limitations. These limitations are found in Education Law, Section 2516, Subd. 3.

k. An additional statement must also be included at the end of the tentative budget which sets forth the following information as of a specified date, which may be not more than forty-five days prior to the filing of the tentative budget with the clerk of the board of education:

1) For each reserve fund established pursuant to law, the amount therein and the purposes for which established, and

2) The bonded or other indebtedness of the school district, showing the indebtedness authorized and unissued.

B. LEGAL PROCESS INVOLVED IN ADOPTING BUDGETS

The board of education must adequately notify the residents of union free and central school districts of the time and place of the annual meeting. City school districts in cities of less than 125,000 do not hold annual meetings at which qualified voters vote on the proposed budget. They do, however, have an annual hearing on the tentative budget.

1. Union Free and Central School Districts:

The clerk of each union free school district shall give notice of the time and place of the annual meeting as required by Section 1716 of the Education Law. The published notice shall appear four times within the seven weeks preceding the district meeting. The first publication shall be at least forty-five days before said meeting. The announcement shall appear in two newspapers, if there are two, having general circulation within the district. When no newspaper has a general circulation therein, the notice shall be posted in at least twenty of the most public places in the district forty-five days before the time of such meeting. (Education Law, Section 2004, subd. 1)

The annual meeting may be held on any Tuesday in May or June. If the vote upon the appropriation of the necessary funds to meet the estimated expenditures, or on propositions involving the expenditure of money, or authorizing the levy of taxes, takes place on the Wednesday next following the day on which the annual meeting of the district is held or separately on the same day as the annual meeting is held pursuant to Section 2013 of the Education Law, such notice shall also state:

a. between what hours such election is to take place, and

b. when the place of holding such election is to be other than at the principal schoolhouse, the place where such election is to be held (Education Law, Section 2004, subd. 4).

2. City School Districts in Cities of Less than 125,000 Population

"Upon completion and filing of the tentative budget with the clerk of the board of education, and before the adoption thereof as the budget for the ensuing fiscal year, the board of education shall hold a public hearing on such tentative budget. Such board shall cause a notice to be published stating the time, place and purpose of the public hearing and that copies of the tentative budget are available to any interested person at the office of the clerk of the board of education during business hours. Such notice shall be published at least once in a newspaper, or two newspapers, if there be two, having a general circulation in such city school district. At least twenty days shall elapse between the first publication of such notice and the date specified for the hearing in the case of all school districts having a fiscal year commencing on July first and ending on June thirtieth next following. The hearing shall be held at the time and place specified, at which hearing any person may be heard. The hearing may be adjourned from day to day." (Education Law, Section 2517)

C. AVAILABILITY OF PROPOSED BUDGETS

Each board of education is required to have the proposed budget for union free and central schools and the tentative budget for city schools available for public scrutiny.

1. **Union Free and Central School Districts**

"The budget shall be completed at least seven days before the annual or special meeting at which it is to be presented and copies thereof shall be prepared and made available, upon request, to taxpayers within the district during the period of seven days immediately preceding such meeting and at such meeting. The board shall also, as a part of the notice required by Section 2004 of the Education Law, give notice that a copy of such statement may be obtained by any taxpayer at each schoolhouse in the district in which school is maintained during certain designated hours on each day other than a Saturday, Sunday or holiday during the seven days immediately preceding such meeting." (Education Law, Section 1716).

2. **City School Districts in Cities of Less than 125,000 Population**

"The board of education shall cause to be printed or otherwise reproduced at least one hundred copies of such tentative budget. The tentative budget, together with the copies thereof shall be filed with the clerk of such board at least forty-five days prior to the beginning of such ensuing fiscal year provided, however, that such tentative budget and copy shall be filed with the clerk of such board at least thirty days prior to the beginning of the ensuing fiscal year in the case of all districts having fiscal years commencing with July first and ending with June thirtieth next following." (Education Law, Section 2516, subd. 1).

D. ADOPTION OF THE REGULAR BUDGET

1. **Union Free and Central School Districts**

The budget must be presented to the voters for their approval. The vote on the budget may be at the annual meeting which may be held on any Tuesday in May or June or may be taken separately on that day or on the following Wednesday.

If the vote is taken at the annual meeting, a majority of the qualified voters may elect to vote on specific items of expense and to increase or decrease the total budget except for teachers' salaries and ordinary contingent expenses. If the vote is taken separately either on the same day or on the following Wednesday, such vote must be on the entire budget without amendment. (Education Law, Section 2002).

2. **City School Districts in Cities of Less than 125,000 Population**

a. "On or before the close of the current fiscal year, the board of education, by resolution, shall adopt the tentative budget as changed, altered and revised, as the budget of the school district for the ensuing fiscal year. The budget as adopted shall be entered in the minutes of the board."

b. "Within ten days after adoption of a budget for a fiscal year, the board of education shall cause a notice to be published setting forth all changes, alterations and revisions made in the tentative budget by the board of education prior to adoption of such tentative budget as the budget for a fiscal year. Such notice shall be published at least once in a newspaper, or two newspapers, if there be two, having a general circulation in the city school district." (Education Law, Section 2519, subd. 1 and 2).

E. CONTINGENT BUDGET

The school district's budget, except for city school districts, requires the approval of the qualified voters in the district in accordance with the provision of Section 2022 of the Education Law.

In the event the voters reject a proposed budget, the board of education is empowered to levy a tax sufficient to defray the cost of those items specifically authorized by statute, and the cost of those items determined by the board to constitute "ordinary contingent expenses." The determination as to "ordinary contingent expense" to be included in a contingency budget must be made by the board of education, with due regard for the various applicable provisions of law. The basic authorization for board determination of contingent expenses can be found in Education Law, Section 2023, and reads as follows:

> "If the qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers' salaries, after applying thereto the public school moneys, and other moneys received or to be received for that purpose, or if they shall neglect or refuse to vote the sum estimated necessary for ordinary contingent expenses, the sole trustee, board of trustees, or board of education may levy a tax for the same, in like manner, as if the same had been voted by the qualified voters."

When a board of education is faced with adopting a contingent budget after the voters have refused or continue to refuse to approve the budget, the crucial question is the determination of what constitutes ordinary contingent expenses. In general, except for those items for which the statutes themselves either provide mandates or give discretion to the board of education, these may be considered expenditures deemed to be abso-

lutely necessary to operate and maintain schools. The emphasis should be on those expenditures considered essential to maintain an educational program, preserve property, and assure the health and safety of students and staff. The board of education must exercise its best judgment in determining what those minimum expenditures shall be.

Formal Opinion of Counsel No. 213 specifically discusses provisions for teachers' salaries as authorized by Section 1709, subdivision 16, of the Education Law. It also divides ordinary contingent expenses into three categories: (1) legal expenses; (2) expenditures specifically authorized by statute; and (3) other items necessary to maintain the education program, preserve property and assure the health and safety of students and staff.

Formal Opinion of Counsel No. 213 can be used as a guide in helping the board to arrive at a determination of an "ordinary contingent expense." (See appendix C).

F. TAXING POWER

A city school district has the power to levy taxes on real property after the board of education adopts the final budget. A central or union free school district is empowered to levy taxes after the voters have approved the budget or after the board of education has adopted a contingent budget.

1. **Union Free and Central School Districts**

   Immediately after an expenditure has been voted by a district meeting for a purpose arising during the current school year, the school authorities shall determine and levy the necessary tax, make out the school tax roll therefor and annex thereto a warrant for its collection. Where a budget of expenditure is voted at an annual school meeting for school purposes during the following school year, the school authorities shall determine and levy the necessary tax, prepare the school tax roll therefor and, on or before September 1 annex thereto a warrant for its collection. (Real Property Tax Law, Section 1306, Subd. 1)

2. **City School Districts in Cities of Less than 125,000 Population**

   In city school districts, upon adoption of the budget the school authorities shall prepare or cause to be prepared a school tax roll for the tax required to be levied as stated in such budget. Such authorities shall, not later than ninety days after the beginning of the fiscal year, confirm such school tax roll and annex thereto a warrant for the collection of such tax. (Real Property Law, Section 1306, subd. 2)

G. TOTAL EXPENDITURES NOT TO EXCEED APPROPRIATIONS

The budget of a school district is a well calculated estimate as to what will be needed for expenditures by function and object. A school district must keep its expenditures within legally authorized appropriations. The appropriate sections of Education Law limiting liabilities and expenditure appear below.

1. **Union Free and Central School Districts**

   "No board of education shall incur a district liability in excess of the amount appropriated by a district meeting unless such board is specially authorized by law to incur such liability." (Education Law, Section 1718).

2. **City School Districts in Cities of Less than 125,000 Population**

   "No expenditure, or contract which in any manner involves the expenditure of money or the incurring of any pecuniary liability, shall be made or entered into by the school district, or officer or employee thereof, unless an amount has been appropriated and is available therefor or has been authorized to be borrowed pursuant to the local finance law." (Education Law, Section 2522)

H. BUDGET TRANSFERS AND SUPPLEMENTAL APPROPRIATIONS

It is an exceptional budget that does not require some adjustments made to its function object code appropriations during the fiscal year. Budget transfers are allowed by the following laws and regulations:

1. **Union Free and Central School Districts**

   The board of education has the power to make transfers between and within functional unit appropriations for teachers' salaries and ordinary contingent expenses. Boards of education may, by resolution, authorize the chief school officer to make transfers within limits as established by the board. (Commissioner's Regulations, Section 170.2(1).

   Grants in aid received from the state and federal governments, other gifts which are required to be expended for particular objects or purposes and insurance proceeds received for the loss, theft, damage or destruction of real or personal property, when proposed to be used or applied to repair or replace such property, may be appropriated by resolution of the board of education at any time for such objects or purposes. (Education Law, Section 1715).

2. **City School Districts in Cities of Less than 125,000 Population**

The board of education, during a fiscal year, may make additional appropriations or increase existing appropriations, the funds therefor to be provided from the contingent fund, surplus revenues or unencumbered balances in appropriations or pursuant to the local finance law.

In addition, the board of education may at any time transfer all or any part of such surplus revenues to meet additional appropriations or increases in existing appropriations for general district purposes.

Grants in aid received from the state and federal governments, other gifts which are required to be expended for particular objects or purposes and insurance proceeds received for the loss, theft, damage or destruction of real or personal property, when proposed to be used or applied to repair or replace such property, may be appropriated by resolution of the board of education at any time for such objects or purposes.

The board of education may apply all or any part of the unencumbered balance of an appropriation for a general district purpose, other than an appropriation for debt service, to meet additional appropriations or increases in existing appropriations for general district purposes... provided, however, that no appropriation shall be reduced below the minimum amount required to be appropriated by law. (Education Law, Section 2521)

III.

A Budget Planning Guide

Everyone involved in the field of school business management today realizes the importance of the budget document. The planning and development of a school budget requires a systematic approach to the identification of the ingredients of the budget document and an appropriate timeline for gathering such data. As these ingredients are identified, they must be organized in accordance with a planned schedule that provides information for review and action at the appropriate time during the school year. It is this calendar of events that this section of the handbook will address.

A. BUDGET CALENDAR

While it may not be necessary to identify every advantage of establishing such a document, it would appear appropriate to review some of them at this time.

1. It provides a timely method to give due consideration and attention to the educational program within the district.
2. It provides a planning guide for the administrative staff to develop the necessary background information and statistical data needed to develop the school budget.
3. It establishes specific dates and deadlines for information gathering, thereby eliminating the frenzied period when efforts are made to quickly gather statistical information that may be incorrect or untimely.
4. It eliminates, by design, haphazard guesswork with respect to the needs of the education program.
5. It brings to the forefront the need for obtaining opinions and input from various staff personnel and other organizational groups who desire input in the budget development process.
6. It provides a predetermined guideline for submission of budget sections that the Board can realistically deal with.
7. It eliminates the possible confusion and irritation that can be injected into a board meeting when budget items are spasmodically placed on the agendas.
8. It places in the forefront the necessity of meeting certain legal dates and other planned events, including the board budget adoption date.
9. It sets a guideline for the establishment of informational meetings and other procedures that are needed to publicize the public budget document.
10. It eliminates snap judgments with respect to budget estimates that may lack coordination with the basic curriculum and educational plan.
11. It provides for a systematic approach to allow for coordinated study of budget estimates as they are provided to those responsible for preparing the budget document.
12. It provides an appropriate timeline for lay citizen groups and others to appear before the board or administrators to comment on desired changes and provides a adequate period during which such suggestions can be given proper consideration before decisions are made.
13. It eliminates the concept that budget preparation is a seasonal one-person job.
14. It provides a uniform flow of budgetary material from the initial request to the final document.
15. It establishes responsibility for specific budget items and demonstrates that work on the budget document is an ongoing activity.
16. It helps to demonstrate that the budget is a planning activity and a reflection of a soundly prepared plan designed to achieve specific educational goals.

There is no single budget calendar that will meet the administrative and staff organizational needs of every

school district. The varying educational patterns from district to district make it extremely difficult to set forth a single procedure that will be acceptable to all. Nor is the process of budget development simply an annual affair. While there are basically twelve months over which the various phases of the work can be accomplished, budget development is an on-going activity that extends across school years, as well as into multi-year periods. Another very important aspect of the budget development process is that it is an activity that is multi-faceted and has many facets of planning occurring at the same time. As development progresses, there will be certain sections of the budget or singular budget items that cannot be undertaken until others have been completed.

The development of a working budget calendar should be based on the consideration of three very distinct activities that occur throughout the school year with respect to budget development. These are: (1) budget preparation; (2) budget presentation; and (3) budget adoption. The planning activities that occur during these three segments of time should be the ingredients of a well organized school budget calendar. One of the most critical dates in the budget development process is the annual meeting date when the popular budget will be presented to the voters. Since this date may vary from district to district, the budget calendar requires tailoring to meet the needs of each individual district. Because of this problem, it must be understood that the suggested school budget calendar that is provided as an appendix to this handbook is simply a guideline. Accordingly, it should be adjusted or modified by the district to meet its individual planning needs.

The complexity of the management of a school district today necessitates the development of a budget calendar that encompasses the entire work year. The old concept, that once the budget has been approved and becomes a financial spending plan for the ensuing school year, there is little to do for the following two or three months, is a misconception. The fact is, it takes time to put the new budget in operation. Setting up accounts, issuing purchase orders, closing accounts, and preparing reports are not activities that should delay the planning of the budget development process for the following school year. As a matter of fact, the activities of planning and preparation of one budget become the basis for the planning and development of the following year's budget. As a district gets into a new school year, it may become apparent that certain planned expenditures or activities become inappropriate or unachievable in that school year. This information should be the basis for the planning and development of the budget in the ensuing school year.

The development of a suggested school budget calendar has two distinct categories of events that are occurring throughout the period of the calendar. Certain of these events are going on continually without a specific date deadline. Other activities and occurrences are tied specifically to target dates. Because these activities are occurring throughout the school year simultaneously and one becomes the basis upon which the other is developed, the exhibits for suggested budget calendars are separated into two different documents. One is identified as a *Budget Development Planning Guide* (see appendix B) and the other is identified as a *Budget Calendar and Deadline Dates* (see appendix A).

These two budget development guidelines are intended as just that, guidelines. Though neither of these documents may be appropriate for an individual district as they have been presented, they can be used as a basis for developing a calendar that will fit individual administrative and budgetary needs.

B. LONG-TERM PLANNING

Since the budget is really the financial interpretation of the educational objectives which have been developed and accepted by the district, it must be carefully organized and anticipated in the same fashion as the school program. This requires a long-range view of the monetary needs, as well as the specific allocations for operating needs during the current fiscal year.

Although long-range fiscal requirements are more susceptible to error than are those for a single year, fairly reliable estimates can be made. These estimates, however, may be subject to revision as changes in local conditions, objectives, and law occur. Some of the important considerations to bear in mind in organizing a long-term plan appear below.

1. **The Expenditure Side of the Budget**
   a. The number of children to be educated and the grade level placement of the students. Prior year statistical data in these areas as well as projections of future enrollment are vital.
   b. The cost for instructional and other staff salaries comprises the greatest percentage of educational expenditures. Future enrollments should be converted into estimates of staffing requirements and future requirements, instructional supplies, equipment, and facilities.
   c. The proposals for changes in teacher-pupil ratios, new and special services and the like, should be planned two or more years in advance so that they may be evaluated in terms of

new personnel, supplies, equipment, and facilities.

d. Salary schedules incorporating annual increment features require evaluation in projecting costs. Retirements, resignations, and the hiring of new personnel at beginning or early increment levels must be considered.

e. The district contributions to employee retirement can be projected through the use of historical costs.

f. A statement of existing district indebtedness and the schedule of interest and redemption charges as they become due are necessities for good budgeting. To the extent that the long-range building and remodeling program is up to date, requirements for new debt obligations can also be estimated.

g. Economic conditions, inflation rates and consumption statistics form the basis for projected cost in the areas of materials and supplies, insurance, utilities and other commodity areas.

h. A planned program of building maintenance and capital replacement projects covering at least the next five years is highly desirable, both from the point of view of evenly maintaining the educational program and of securing control over budget growth.

It should be noted that Section 155.1 of the Regulations of the Commissioner of Education presently requires school districts to develop and keep on file a comprehensive long-range plan pertaining to educational facilities. The required plan must be re-evaluated at least annually and must include an approval of: present and projected pupil enrollments; space utilization and State-rated capacity of existing facilities; priority of need for maintenance, repair or modernization of existing facilities, including consideration of the obsolescence.

2. The Revenue Side of the Budget

a. The principal item of revenue in most school district budgets is derived from real property taxes. Accurate forecasting of available revenue from this source is dependent upon reliable estimates of changes in the level in assessed values as well as a knowledge of the local economy. For this reason estimates of revenue for real property tax sources should be carefully reviewed at least annually to assure that the most current information is being used in making these estimates.

b. Estimates of state operating aid must be projected largely on the basis of current legislation and formulas. Estimated amounts of aid for textbooks, building, transportation, and similar aids should also be determined in terms of current legislation and computational procedures.

c. Non-resident tuition revenue can be a difficult item to estimate, especially when there are alternate districts with which the sending districts may contract. Where this constitutes an appreciable revenue, should be based on the most recent information available.

d. Some items of year-to-year revenue are very minor in amount and not subject to long-range budgeting. Sometimes they are incorporated in an item of "miscellaneous" revenue. Where a specific item is reasonably large by itself in terms of the total budget, it should be independently projected.

e. There are some optional non-property taxes which can be levied by, or on behalf of, certain classes of school districts. If the long-range budget based on the desired educational objectives indicates that abnormal rises in the tax rate might occur, it would be good policy to study the potential yield from these other possible tax sources.

f. Federal aid under the "aid to education" programs is being modified annually. Care should be taken in the projection of these programs as they will undoubtedly affect more than one budget period.

IV.
BUDGET PROCESS

A. SEQUENCE OF EVENTS

The board of education chooses a strategy by establishing objectives and priorities for the operation of the district and sets the course by policy. The chief school officer is responsible for the planning, organizing, directing, coordinating, and reporting of the budgeting process. The chief school officer must be aware of both the district's financial capacity and its external environment (public) whose approval is required in achieving the district's objectives. Recognizing that the district must respond to a wide variety of pressures, it is appropriate that the chief school officer communicate the district's objectives and pull together a coalition of inside and outside groups to participate in the budget decision process.

Participation in the budget process by both inside and outside groups will give the process a broader prospective and will lead to a larger communication and support system once the proposed budget is completed and public support is required.

To reach a realistic assessment of the district's educational needs and the community's ability and willingness to finance, it is important to have accurate information regarding:

1. the community's receptiveness to tax increases;
2. enrollment projection;
3. capacity and limitations of facilities;
4. staff expertise;
5. educational program objectives.

Once this data has been analyzed and the parameters governing budget development have been established, a full staff meeting should be conducted in which educational priorities, fiscal constraints and the process itself are discussed in order to obtain full staff cooperation. This should take place prior to the budget development process.

The professional staff should then help in analyzing the district's operations, identify problems and needs and create potential solutions. This includes determining which programs or services should be supported with increased resources, maintained at current levels, reduced, added or eliminated.

To effectively balance needs of the students with the resources of the community and to determine what approach should be adopted with regard to educational activities, it is suggested that the chief school officer set up a committee, including the people responsible for the educational programs, to help in planning a rational distribution of identified resources among the district's programs. Potential solutions will be less effective without contributions from staff members at all levels, as well as interested community members.

Once the educational priorities have been established and the guidelines for dollar allocations determined, the chief school officer then can advise the building principals and department heads of the financial constraints to use in evaluating requests submitted by staff members.

The school district's budget essentially follows the format prescribed by the Commissioner of Education, based upon the Uniform System of Accounts for School Districts promulgated by the Office of the State Comptroller. The State Education Department provides forms for the reporting of budget appropriations and estimated revenues. These forms titled "Annual School Budget" are designated as SBM-2 for city school districts and SBM-1 for all other districts. The form provides for a summary of general fund appropriations classified by major function codes which are as follows:

1. General Support;
2. Instruction;
3. Pupil Transportation;
4. Community Service;
5. Undistributed Appropriations.

These major function codes are broken down into related functional units such as supervision, teaching, instructional media, and interscholastic athletics.

Functional unit codes have expenditure descriptors called object codes, such as instructional salaries, materials and supplies, equipment and contractual expense.

When the instructional and support staff are requested to submit budget requisitions in accordance with the pre-established guidelines, the process can be facilitated and coordinated by:

1. distributing standard supply lists;
2. designing forms consistent with the budget codes established by the SBM-1 and SBM-2;
3. segregating various types of budget requests by the use of color-coded forms.

The building principals should inform the respective staff members of budget procedures, and should distribute budget data collection forms in conformance with budget timelines.

The format of budget request forms should include the following information:

1. the school building or department;
2. item description, supplier and cost;
3. intended use and frequency of use of the various items;
4. a ranking of requested items in order of priority using the following criteria:
   a. is it essential;
   b. will it expand service;
   c. will it save personnel time;
   d. will it affect safety.

Completed request forms should be sent to the building principal for review and approval. Once approved by the building principal, the requests are sent to the central office. The business official puts together information relating to central services, employee benefits and debt service. Revenue estimates are also made in the business office. The major sources of revenue are state aid, the local tax levy and the appropriated fund balance. This information is then collated into the total budget by the central office.

The proposed budget is reviewed by the chief school officer and/or a budget committee. If adjustment is needed, it will be referred through the appropriate staff member for revision and adjustment. After acceptance by the chief school officer, the proposed budget should then go to the board of education for its approval. If further reduction is necessary, the board should make the reduction by total sum rather than by item. Where the board makes budgetary increases, these should be for specific items and in sufficient detail to enable administrative staff to carry out the intent of the increased appropriations. Reductions should then be discussed by the chief school officer with the administrative staff. The building principals should then discuss respective reductions with the educational staff so that budget requests are reduced or eliminated according to priority. The adjusted tentative budget is then resubmitted to the chief school officer, and subsequently to the board for final approval.

B. FUND BALANCE

Since the total amount of the general fund balance, with the exception of up to two percent of the new year's budget, must be used to reduce the tax levy in the next fiscal year, its accurate prediction at the time the budget is completed is imperative. The business official should prepare an estimated June 30 fund balance to be presented to the board prior to its adoption of the budget.

C. AUTHORIZATION

Final approval of the tentative budget document for presentation to the district voters, where required, rests with the board. The chief school officer, and such members of his or her staff as he or she shall deem necessary, should be prepared to explain and justify the budget to the board in sufficient detail to make clear the importance of each item in the educational program.

Final authorization of the budget, except in city school districts, rests with the voters of the district. When the budget document has been adopted by the board, it becomes the responsibility of the board to insure that the proposed budget is adequately explained to the public.

D. POPULAR BUDGET

The popular budget document may be considered one of the most important publications compiled for a school district within the year. It portrays how the school district will operate for the next fiscal year and it conveys the continuity and improvement of the educational goals that are sought. This document should be easy to read, provide budget information in an organized manner, and in layman's terms. Its contents should include an explanation of three essential plans: the educational plan; the expenditure plan; and the income plan.

1. The Educational Plan

The introductory portion of the budget document should provide the setting for the requested appropriations. Among the items recommended for inclusion in such a section are:

a. a letter of transmittal from the board;
b. a statement of philosophy and major objectives of the program of education offered;

c. an overview of the education programs and services of the districts;

d. a statement of the relationship of this year's budget to any long-range program;

e. the new services, or changes in present organization, that are being added or undertaken this year to carry out the educational objectives;

f. a list of budget recommendations which are being deferred for future consideration due to economic inability to supply all desirable appropriations.

2. The Expenditure Plan

The expenditure plan should classify budget items through the function and object codes in accordance with the Uniform System of Accounts and in at least as much detail as provided by the annual (SBM-1) state budget form. The expenditure plan should also:

a. compare statistics for at least one year prior to the current proposed budget with respect to expenditures, enrollments, valuations, and tax rates;

b. describe the nature and types of service covered in some of the more general item classifications;

c. provide an attractive and interesting format through pictures, charts, tables, and graphs;

d. explain substantial increases or decreases in appropriations by reference to enrollment data, effects of inflation, or program expansion or reduction;

e. focus attention on past and present successful efforts to provide economy and efficiency in the district's operations.

3. Income Plan

The income plan should contain at least the following elements:

a. a listing of anticipated revenues with an explanation of substantial increases or decreases;

b. an explanation in general terms of state aid and types of programs funded by state aid;

c. an indication of the estimated amount to be raised through local taxes.

Additional helpful information that should be included in the popular budget are:

a listing of voter qualifications;

information concerning budget hearings, annual meetings, and budget votes (where required).

The popularized form of the budget should be approved by the board prior to release.

E. BUDGET DEFEATS

School districts whose voters fail to pass the board of education proposed budget must operate on a contingency budget (see Appendix C). The board of education may present the original budget or a revision of the budget to the voters several times for approval. The entire budget may be presented as one item for approval, or different components of the budget not contained in the contingency budget (e.g.; athletic activities, transportation to extra curricular activities) may be presented for approval as separate propositions. In the event the board declines to take any of these measures, Section 2008 of the Education Law provides a means whereby a stipulated number of citizens may petition the board to call a special district meeting to vote on one or more budget related measures. It is generally considered good practice to submit a budget for at least a second vote.

Assuming that no budget has been adopted by the voters by the beginning of the new fiscal year, the board should identify those items of contingent nature and adopt a contingent budget (see Appendix C). These items can then be entered in the district accounting records to enable salaries and bills to be paid. If a new budget is adopted, or if one of more propositions are passed, records may be adjusted to reflect the changes. If no change occurs, care should be taken by the board and the administration to insure that only expenditures for teachers' salaries and ordinary contingent expenses are included.

V.

BUDGET IMPLEMENTATION

A. MONITORING THE BUDGET

The monitoring of budget activity takes place at several levels. The staff member who is to be responsible for monitoring each section of the budget should be assigned prior to the start of the budgeting process. The assigned staff member must be involved in developing the budget to fully understand its contents, and be knowledgeable about the activity that will take place during the budget year.

Each request for spending must be authorized by the appropriate assigned staff member(s). Such authorization establishes that the transactions should be processed, thereby creating the first level of monitoring of the budget.

The authorization request is next submitted to the business office for further action. The appropriate business office staff member determines if the purchase is legitimate, if it must be bid or quoted, and if it is consistent with the budget plan and funds available. At the time of purchase, each purchase order must be encumbered prior to its issuance, as required by the Uniform System of Accounts. If funds are available, the purchase order may be processed.

At least once a month, a budget status report should be prepared for the board of education and the use of those staff members assigned responsibility for administration of specific portions of the budget. The report should include: estimated revenues, revenues received to date, and estimated revenues yet to be received; original appropriations, adjustments and transfers, revised appropriations, expenditures, encumbrances, and unencumbered balances pursuant to Commissioner's Regulations 170.2(p). Other information may be included as necessary.

The chief fiscal officer of the district should review the budget status report at least once monthly, with special attention to encumbrances and expenditures. Special summary reports reflecting variances from past spending levels are helpful in reflecting abnormal situations requiring extra attention. Potential problem areas may be spotted in time to adjust for them, thereby avoiding serious shortfalls.

The budget status report and/or monthly treasurer's report, the Annual Financial Report (ST-3) and the annual independent audit are financial information sources available to the chief school officer, and the board of education members to be used for planning, managing, and monitoring the financial activities of the district.

B. BUDGET TRANSFERS

Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the amount of each expenditure will be known in exact terms at the time of the budget preparation is very unlikely.

Boards of education are restrained by Education Law, Section 1718, and may not "... incur a district liability in excess of the amount appropriated by a district meeting..." This law is further enforced by the State Comptroller, who, in the Uniform System of Accounts, states that, "An appropriation *must* be available before an expenditure is charged." (*Italics* have been added for emphasis.) School districts must comply with this provision and must keep expenditures within appropriations available.

The Commissioner of Education, through Section 170.2(1) of the Regulations of the Commissioner provides school districts with a vehicle for making necessary budget transfers in discretionary areas. The Regulation grants the board of education the authority through the following provision: "To make transfers between and within functional unit appropriations for teachers' salaries and ordinary contingent expenses, boards of education may, by resolution, authorize the chief school officer to make transfers within limits established by the board." Delegation of this authority to the chief school officer, combined with encumbering of

purchase orders before their release, will prevent expending appropriations beyond the amounts authorized. Transfers made by the chief school officer will be shown on the monthly Budget Status Report presented by the treasurer to the board of education at the regularly scheduled board meeting.

The board of education must be diligent in the monitoring of the budget status report to insure that there are no over-expended or over-encumbered accounts. The board must rely upon their administrators' diligence to insure that requisitions are not approved or purchase orders released when appropriations are not sufficient to cover the proposed obligation. The purchase process is slowed materially when the administration must wait upon board action to make transfers.

VI.
OTHER FUNDS

The Uniform System of Accounts for School Districts prescribes the types of funds which a school district may establish and maintain in addition to the General Fund. There are various budgetary requirements for each of these other funds as described in the paragraphs which follow.

A. SCHOOL LUNCH FUND

This fund is used to account for revenues and expenses in connection with the school district's food service program.

Budgets for this fund are prepared and submitted to the State Education Department with the Annual School Budget Form SBM-1, and SBM-2. The schedule of estimated revenues and expenditures must be completed whether the program is district or contractually operated. The estimated expenditures must balance with the estimated revenues, interfund transfers, if any, and fund balance. The basic budget is not submitted to the voters for approval; only the subsidy, if any, from the General Fund need be approved by the voters in central and union free school districts.

B. SCHOOL STORE FUND

This fund is used to account for revenues and expenses of a school store operated and sponsored by the board of education. School stores operated by student organizations are accounted in the Extraclassroom Activity Fund.

Estimated revenues and expenditures are developed by district officials. No voter approval is required unless a general fund subsidy is required to balance the budget. If so, only the subsidy is approved by the voters, not the entire budget.

C. SPECIAL AID FUND

This fund is used to account for revenues and expenses in connection with federally supported programs and State funded grants operated by the school district.

Budgets are determined when specific grants are approved by the funding agency. The board of education should approve each special aid budget and should appropriate the funds by resolution. For grants which extend beyond June 30, budgets may be re-established in the next fiscal year without additional board of education approval.

D. DEBT SERVICE FUND

The Debt Service Fund is used to record payments of principal and interest on capital debt. The use of this fund by school districts is optional except where a mandatory reserve for debt service is required as a result of having sold school property on which there is outstanding debt, or where unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest are being retained to offset future payments on principal and interest.

It should be noted that most school districts pay debt service on capital debt directly from the General Fund. However, where a Debt Service Fund is used, the amount necessary to support appropriations in this fund is budgeted in the Interfund Transfer Section of the General Fund Budget and subsequently transferred to the Debt Service Fund.

E. CAPITAL PROJECT FUNDS

The Capital Project Funds are provided for school districts to account for capital improvement and acquisitions.

Capital projects are budgeted on an individual project basis since legal and contractual requirements will vary from one project to another.

The establishment of a capital project generally requires voter authorization of the funding which may take the form of either obligations or current funds.

VII.
RESERVES

Establishment and funding of reserve funds should be given careful consideration in the overall financial plan for any school district. The various reserve funds which are currently available for school districts are described in the paragraphs which follow.

A. WORKERS' COMPENSATION RESERVE

The purpose of this reserve fund is to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated (General Municipal Law, Section 6-j).

B. UNEMPLOYMENT INSURANCE RESERVE

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by board action and funded by budgetary appropriations or such other funds as may be legally appropriated (General Municipal Law, Section 6-m).

C. REPAIR RESERVE

The Repair Reserve Fund is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. Voter approval is required to fund this reserve (See Opinion of the State Comptroller 81-401) except in city school districts. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years (General Municipal Law, Section 6-d).

D. CAPITAL RESERVE

The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve except in city school districts.

The form of the required legal notice for the vote on establishing the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law.

E. INSURANCE RESERVE

This reserve fund is used to pay judgments, claims, incidental costs and professional services connected with the investigation and settlement of claims. The reserve is funded by budgetary appropriations or any other permissive referendum. The amount that can be paid into the reserve during each fiscal year is limited to 5% of the annual budget. There is, however, no limit upon the amount which may be accumulated in the fund (General Municipal Law, Section 6-n).

F. PROPERTY LOSS RESERVE AND LIABILITY RESERVE

This reserve fund is similar to the liability and casualty reserve described above in that it is used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required and these reserves may not in total exceed 3% of the annual budget or $15,000 whichever is greater. Unlike the reserves described in the previous sections, this type of reserve fund may be utilized only by school districts and is not available to other local governments (Education Law, Section 1709, Subdivision 8-c).

G. MANDATORY RESERVE FOR DEBT SERVICE

Upon the sale of district property that was financed by obligations which remain outstanding at the time of

sale, a reserve must be established for the purpose of retiring the outstanding obligations. The funding of the reserve is from the proceeds of the sale of district property or capital improvement (General Municipal Law, Section 6-l).

H. RESERVE FOR TAX REDUCTION

The purpose of this reserve is to provide for gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction (Education Law, Section 1709, Sub. 37).

Prior to the establishment of any type of reserve fund, boards of education and school district officials should carefully evaluate the long-term effect of establishing such reserves and should review the authorizing sections of the various laws to assure that management of these reserves is consistent with the provisions of those sections.

VIII.

The Independent Audit

The annual independent audit should serve as a valuable tool in the budgeting process. The audit may not always receive the attention it deserves because it follows the close of the budget year. However, since the audit is prepared at the close of the year by an outside independent certified public accountant or public accountant, it represents an unbiased look at the major categories of expenses and revenues. The audit can serve to point out weaknesses in the budget development process, as well as to serve as a review of district accounting practices.

Accounting firms that have specialists on staff can also provide valuable consulting and training services throughout the fiscal year to members of the staff dealing with budgeting and accounting matters. Questions addressed at the appropriate time can prevent problems from occurring that are difficult to correct after the close of the fiscal year.

IX.
Fund Balance

Year-end fund balances of school districts are the result of the receipt of revenues in excess of amounts estimated and expenditures which are less than the total amount of appropriations. It should be noted that there is no provision in the law or regulations for deficit or negative fund balances.

The total fund balance of a school district's general fund is made up of two parts: Reserved Fund Balance and Unreserved Fund Balance.

The reserved portion of the fund balance is made up of moneys which may be used only for very specific purposes and is, therefore, not available to be used for tax reduction in the next subsequent fiscal year. Examples of these specific reserves are: reserve for encumbrances; and reserve for repairs.

The unreserved portion of the fund balance is the amount which is uncommitted and is, therefore, available to be used to reduce real property taxes in the next fiscal year or future fiscal years. It should be noted, however, that a part of this unreserved fund balance may be retained by the district and not used for tax reduction in the next subsequent fiscal year. This retained portion is called the unappropriated fund balance and is limited by Section 1318 of the Real Property Tax Law to an amount equal to 2% of the new year's budget. The remaining portion of the unreserved fund balance which is used for tax reduction, is known as the appropriated fund balance.

The unappropriated fund balance provides cash flow and could be available to meet unanticipated ordinary contingent expenses without voter approval. This fund balance may also be appropriated, with voter approval, for unanticipated non-contingent expenses or the funding of certain reserve funds.

Since the term fund balance could apply to the total fund balance or any part of it, school district officials should be certain that any discussion of disposition of balances begins with a clear statement as to the nature of the balance being discussed.

Managing fund balances can be one of the most difficult tasks of the budgeting process, since budgets are estimates of expenditures and anticipated revenues for a future fiscal period.

However, reasonably accurate estimates of year-end fund balances are essential to the budget preparation process since the amount available can have a material effect upon estimated real property tax rates.

X.

Automation of Budgetary and Accounting Processes

As previously illustrated and emphasized in this document, the school district's budget is the sole authorization for expenditures. The necessity to keep tight controls on the nature and amount of school district expenditures and revenues is well understood. Currently, monitoring of the budget, in many school districts, is being accomplished manually using a collection of ledgers, journals, and status reports. However, because of the large amount of data which must be accounted for and the repetitiveness of the operation, this type of work is uniquely suited to computerization.

One of the chief advantages of computerizing the budget function is the freedom to create files of data ('databases') as archival records, needing to be updated only as the information changes. Various combinations of data access can be developed depending on the requirements of each school district. A complement to the budget program can generate expenditures and revenues by function and object codes and by any other specified criteria for the purposes of producing the monthly budget status report and information needed for State program reporting purposes.

Most, if not all school districts, have some type of computer. In recent years many programs have been written giving districts a base of software which better enables them to computerize their business functions. A number of application programs, such as spreadsheet programs, will function regardless of the hardware on which they are run. However, the native software for each machine is different and interface between the user program and the computer itself must be different as well.

There are many independent hardware and software manufacturers who have recognized the school district market. They are putting out compatible hardware and software at an accelerated rate. Additionally, many BOCES and cooperative computer systems have designed databases which are applicable to complex applications and are available to districts on a fee basis.

Any automated system which is used in the budgeting and accounting process should produce reports in a format which is consistent with law and regulation and compatible with the State's reporting requirements.

APPENDIX A

Sample Budget Calendar and Deadline Dates

Budget Calendar — Deadline Dates
19____ — 19____ School Year

Activity	*Completion Date*
Budget calendar adopted by school board	October
Budget development guidelines and budget forms distributed to budget developers with deadline date for return to business office	October
Board of Education study session — approve budget format and parameters	December
Preliminary Transportation budget due in business office	January
Preliminary Plant Operations and Maintenance Budget due in business office	January
All budget detail including non-instructional staffing, equipment requests, supply needs and contractual expenditures due from budget developers in business office	January
Transportation and Plant Operations and Maintenance Budgets for review with Board of Education	January
General Support section of budget for review with Board of Education	January
Board study session to review Transportation, Plant Operations and General Support sections of proposed budget	January
Debt Service and Employee Benefits section of budget for review with Board of Education	February
All instructional staffing for the proposed budget finalized	February
Board study session to review Debt Service and Employee Benefits Sections of proposed budget	February
Instruction section of budget completed for review with board of education	March
Board study session to review instructional section of proposed budget	March
Presentation and review of estimated revenues and tax projection for the proposed budget	March
Board study session for final review of proposed budget prior to adoption and publication of newsletter to publicize the popular budget	April

Activity	*Completion Date*
First publication of Legal Notice of School Budget Vote (within 7 weeks of date set for Annual Meeting with first publication 45 days before such meeting.)	April
Second publication of Legal Notice of School Budget Vote	May
Deadline for submission of petitions for nominations of Board candidates (in accordance with Board regulations)	May
Deadline for submission of petitions for propositions to be placed on ballot (30 days preceding meeting date)	May
Date for drawing by District Clerk for determination of order for listing Board candidates on ballot or voting machine	May
Board of Education meeting to adopt proposed budget	May
Third publication of Legal Notice of School Budget Vote	May
Annual meeting date to include budget hearing and appointments of Clerks and Inspectors of Election	May
Appointment of Clerks and Inspectors of Election	May
Final date for budget adoption by Board (at least 7 days prior to Annual Meeting to meet publication requirements)	May
Fourth publication of Legal Notice of School Budget Vote	May
Budget vote and election of Board of Education candidates	June

APPENDIX B

Sample Budget Development Planning Guide

Activity	*Planning Period*
Set up the new budget folders — carry forward notes on desirable items that could not be included in the budget just adopted. Revise budget request forms as experience requires	June—August
Make preliminary notes on budget explanation formats that would be helpful another year	July
Develop Budget Calendar of deadline dates	July
While summer repairs are in progress, obtain preliminary estimates of major repairs and alterations to buildings and facilities to be scheduled during the next budget year	July—August
Gather preliminary data dealing with potential increases in employee salary costs	July—August
Outline questions, having budget implications, that curriculum and program committees should appraise	July—August
Obtain preliminary appraisals for bus replacements and major fleet overhaul work	August—September
Following the new school census report or estimation, review the need for extension of transportation routes and additions to fleet that may be necessary in the following year	August
Explore need for additional classroom facilities and potential relocation of children that may be needed next year	September
Advise staff regarding the ensuing year's budgetary process and obtain general suggestions and recommendations	September
Consider utilizing curriculum and program evaluation committees to report needed changes in textbooks, supplies, equipment, and staff. If used, set a reporting date	October
Consider appointing building needs committees with request to report budgetary implications by a specific date	October
Finalize format of budget request forms and prepare for distribution	October
Distribute budget request forms to building administrators, program directors, department heads and other staff. Set a submission date	October

Activity	*Planning Period*
Review overall status of plant operations and maintenance program and potential for staffing changes, extra-ordinary cost increases in utilities, and major repair projects, etc	November
Contact Town Assessors regarding new construction that may have the potential to change assessed valuations	November
Review current and future enrollment projects and ascertain the impact on the next year's space and staffing needs	November
Receive preliminary reports of curriculum and program committees for review with the board	December
Finalize the budget format and obtain board approval for use in compiling the budget document(s)	December
Begin a review and discussion of salary schedules and adjustments with the board	January
Establish budgetary guidelines for salary adjustments	January
Final reports received by the board from curriculum and program evaluation committees	January
Submit requests for new positions to board consideration and action	January
Receive preliminary transportation and operation and maintenance budgets and general support budgets	January
Requests for furniture and equipment additions and replacements to be sent to the central office	January
Requests for textbooks, workbooks, supplementary reading materials, and library books and supplies to be sent to the central office	January
Requests for instructional supplies and apparatus to be sent to the central office	January
Requests for staff travel to be submitted to the central office	January
Central office compiles estimates of expenditures for programs supervised directly by that office	January
Make final reports from any budgetary advisory groups made to the board	February
Update salary information for professional and support staff and make any necessary revisions to the budget	February
Complete debt service and employee benefits section of budget in preparation for board review	February
Central office compiles estimates of revenues to include: state aid estimates: sales taxes estimates, projected real property assessed valuation, determination of state average valuations, projected tax rates, miscellaneous revenues, federal aid projections	March
Make preliminary compilation of tentative total budget	March
Complete preliminary draft of popularized budget	March
Budget finalized and approved by board	April

Activity	*Planning Period*
Organize format and develop agenda for budget presentation to school district residents	April
Budget format and documents approved for presentation to the people at the public hearing or annual meeting by the board	April
Prepare legal notice for publication	April
Board of Education formal adoption of budget	April
Issue public information releases and make informal presentations of the budget to interested citizens groups, such as the PTA and service clubs	May
Prepare prescribed number of copies of budget for public availability, board use, and other administrative needs	May
Publish legally prescribed notices regarding availability of the budget, annual district meeting or public hearing	May
Budget vote held at annual meeting	June
Issue public notices regarding final adopted form of budget	June
Make changes and corrections in budget documents to be used by board and administrators	June
Submit annual school budget to State Education Department (SBM-1) within 30 days of voter approval	June/July

APPENDIX C

Board of Education Responsibility for the Determination of Ordinary Contingent Expenses

In all school districts of the state, other than city school districts, school budgets are determined by the qualified voters of the school district.

In the event the voters reject a proposed budget, the board of education is empowered to levy a tax sufficient to defray the cost of those items specifically authorized by statute, and the cost of those items determined by the board to constitute "ordinary contingent expenses."

The basic rule is found in Education Law, Section 1718, which reads as follows:

> "Section 1718. Limitation upon expenditures.
>
> 1. No board of education shall incur a district liability in excess of the amount appropriated by a district meeting unless such board is specially authorized by law to incur such liability."

The exceptions from this basic rule are contained in Section 2023 of the Education Law, which reads as follows:

> "Section 2023. Levy of tax for certain purposes without vote. If the qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers' salaries, after applying thereto the public school moneys, and other moneys received or to be received for that purpose, or if they shall neglect or refuse to vote the sum estimated necessary for ordinary contingent expenses, the sole trustee, board of trustees, or board of education may levy a tax for the same, in like manner as if the same had been voted by the qualified voters."

The reason for these provisions is found in the State Constitution which requires, as interpreted by the courts, that the schools of the state must be kept in operation at all times so that the youth of the state may have access to uninterrupted education.

The responsibility for determining which items in a school district budget fall under the concept of "ordinary contingent expenses" rests with the board of education.

Where individual citizens disagree with such a determination of a board of education, they are authorized to present the question to the Commissioner of Education who then pursuant to Section 2024 of the Education Law, determines the issue.

The purpose of this Appendix is to summarize the relevant statutory provisions and the general information contained in Formal Opinion of Counsel, No.213, dated July 6, 1967 (which replaces No.93, dated April 28, 1961). A copy of No.213 is attached. This opinion, in general terms, sets forth the rationale behind pertinent decisions of Commissioner of Education over the years and statutory provisions, as they affect the determination of the term "ordinary contingent expenses."

While it is not possible in this document to answer every question which may be raised concerning contingent budgets, it is hoped that it will help to clarify those questions most frequently asked.

Responsibility Of The Board Of Education

After determining teachers' salaries necessary to retain and recruit competent teachers, the board is faced with the necessity of determining ordinary contingent expenses. The statute clearly indicates that the board of education, in the first instance, must determine whether or not an expenditure is an ordinary contingent expense. The intent of the statute is, of course, to enable the board to provide the minimum services legally necessary for operating and maintaining schools, so that no child is denied an education by a refusal or failure of the people to act.

Options Open To The Board Of Education

There are several options open to a board when its budget is defeated, such as:

1. The board may prepare and adopt a contingent budget without going back to the voters.
2. The board may present the original budget request or a revision of such request at a special district meeting. (There is no restriction on the number of times a budget may be presented to the

voters, except that the amount of the tax levy must be established in sufficient time to levy the tax. Otherwise, a special tax levy may be necessary. See Misconception No.2 below.)

3. The board may establish a contingent budget and present one or more special propositions to the voters, giving them the opportunity to appropriate funds in support of services which cannot be provided without voter approval. A separate proposition may be presented for each such service, or several services could be voted upon in one proposition.

Misconceptions

Many misconceptions have arisen concerning defeated school budgets. The most common of these, together with comments about each, are as follows:

Misconception No. 1

"The Commissioner of Education imposes a budget if the voters continue to turn the budget down." The Commissioner does not have this authority. *It is the responsibility of the board of education to adopt a contingent budget, if the voters refuse to pass the budget.*

Misconception No. 2

"The district must have a budget by July 1." There is no such requirement. However, any expenditures made by a board of education between July 1 and the time of the adoption of a budget must be either for teachers' salaries or ordinary contingent expenses, and an appropriation therefore should first have been made by the board. When a budget is finally adopted, either by the voters or by the board, such expenditures should, of course, be included.

Misconception No. 3

"A special meeting must be called in the event of a defeated budget." This is at the discretion of the board of education, unless a petition for such a meeting is properly filed in accordance with Section 2008 of the Education Law.

Ordinary Contingent Expenses

When a board of education is faced with adopting a contingent budget after the voters have refused or continued to refuse to approve the budget, the crucial question is the determination of what constitutes ordinary contingent expenses. In general, except for those items over which the statutes themselves either provide mandates for or give discretion to the board of education, these may be considered those expenditures deemed to be absolutely necessary to operate and maintain schools. The emphasis should be on those expenditures considered essential to maintain an educational program, preserve property, and assure the health and safety of students and staff. The board of education must exercise its best judgment in determining what those minimum expenditures shall be.

Formal Opinion of Counsel No.213 specifically discusses provisions for teachers' salaries as authorized by Section 1709, subdivision 16, of the Education Law. It also divides ordinary contingent expenses into three categories: (1) legal expense; (2) expenditures specifically authorized by statute; and (3) other items necessary to maintain the educational program, preserve property, and assure the health and safety of students and staff.

Examples are given in Opinion 213 of some expenditures which are not considered to be acceptable ordinary contingent expense items. In general, these may be defined as those items which are not required to maintain a minimum educational program, to preserve property, and to assure the health and safety of pupils and staff. Excluded are those expenditures which, by law, only the voters can authorize. Example of the latter are certain nonmandatory transportation services, the purchase of new equipment, and budgetary subsidies for school food service.

There are certain items of expenditure which require a fuller explanation than was possible to give in Opinion 213. These are discussed below:

1. *Public Employees Fair Employment Act* (Taylor Law)
   a. Agreement entered into under the provisions of this Act must be honored by the board of education.
   b. In the case of noninstructional employees, the board of education is still required to determine the number necessary under a contingent budget, as indicated in Opinion 213, page 5, item 4. If the salaries for the required number of these employees have been determined by agreements under the Public Employees Fair Employment Act, such salaries are an ordinary contingent expense.
2. *Transportation*
   a. Contracts for More than One School Year
      (1) If a district has such a contract which extends into the contingent budget year, the contract generally remains in effect. Further, the mileage policy in existence during the first year of such contract generally would remain during the entire term of the contract, and the cost of the contract is a contingent expense. This also means that if a district has such a contract, and it needs to provide additional service not covered by the contract during a contingent budget year, the transportation policy govern-

ing the basic contract must also be the guide for any additional transportation contracts.

(2) If a district is providing transportation both with district-owned buses and under a term contract, generally the policy established under the term contract applies for all transportation services as long as the contract is in effect; therefore, the cost of such services, except for capital expenditures, becomes an ordinary contingent expense in accordance with this policy.

(3) Assume that a five-year contract providing for the possibility of additional services is authorized on the basis of a one-mile policy, that during the second year the voters authorized the policy to be liberalized to one-half mile, and that the budget for the third, fourth, or fifth year is defeated. The policy established during the second year remains in effect for the duration of the contract, unless the voters subsequently liberalize the policy still more. In no event may the voters change the policy to provide less service than was provided for in the first year of the term contract for the period of the contract, unless the contractor agrees or the contract provides for it.

b. The cost of transportation for pupils attending public schools within the district and residing more than two miles in the case of pupils in grades K-8 and three miles in the case of grades 9-12 is an ordinary contingent expense. Transportation of nonpublic school pupils beyond the two and three mile limits is an ordinary contingent expense up to fifteen miles. If transportation is provided to public school pupils attending public schools other than BOCES facilities within the district for distances in excess of fifteen miles, transportation for nonpublic school pupils attending nonpublic schools within the district is an ordinary contingent expense up to the maximum distance such public school pupils reside from the schools they legally attend and to which they are transported. If public school pupils are transported outside the district, under tuition contract, the rule is similar.

c. Shuttle service between public schools for instructional purposes is an ordinary contingent expense.

d. Field trips as enrichment of the instructional program are not considered an ordinary contingent expense.

e. Transportation, pursuant to article 89, for all handicapped children living up to and including 50 miles is an ordinary contingent expense.

3. *Federal Programs*

Generally, the principles governing contingency budgets are applied equally to Federally financed instructional programs, except see Opinion 213, II, I, as attached.

4. *Special State Programs*

Generally, the principles governing contingency budgets apply to special State programs supported in whole or in part by State grants.

5. *Public Library*

If no separate proposition to raise money for the public library had been included in the budget vote, or if the amount requested had been greater than that included in the prior year's budget, the same amount approved by the voters in the year prior to defeating the budget becomes an ordinary contingent expense.

6. *Use of School Buildings and Grounds by Outside Agencies*

If there is no identifiable expense to the taxpayers, or where such extra costs are paid in advance in full by donations, the board of education may grant the use by outside agencies of school buildings and grounds. This does not apply to public school activities.

7. *Interscholastic Athletics*

The use of public funds for the maintenance of interscholastic athletic teams is not possible without voter authorization. However, if all costs associated therewith are donated in advance from an outside source, as permitted by Section 1718, subdivision 2 of the Education Law, the Board of Education in its discretion may accept such donation and operate the program. Since the salaries of teachers are an ordinary contingent expense, such donation need not provide for the salaries of coaches who are certified teachers. However, all other costs must be included in the donation, including transportation, officials' fees, athletic insurance, physicians' fees, towels, custodial services, equipment, supplies, etc. Gate receipts may be used in the reduction of the amounts necessary to be donated.

If a fully adequate donation is not available in advance to support an interscholastic athletic program, the interscholastic athletic program may not be operated. In this case, no appropriation may be included in the budget and no salaries may be paid.

8. *Equipment*

The cost of equipment does not normally constitute an ordinary contingent expense, as indicated in item 14 of Opinion 213. This is true regardless of whether the equipment is to be purchased or leased in accordance with the provisions of Section 1725 of the Education Law as added by Chapter 382 of the Laws of 1971.

9. *Pupil Supplies*

When appropriations for free pupil supplies have not been approved by the voters, it becomes the responsibility of the parents or guardians to see that their children are provided with the items needed to attend upon instruction, as required by the Compulsory Education Law.

The responsibility of the school district on the other hand is to determine what supplies are considered pupil supplies as contrasted to those which should be called teacher supplies.

Pupil supplies should be deemed to be those supplies that are essentially retained by the pupil such as writing pads, looseleaf binders, pencils, rulers, etc. and other supply items required by the pupil and which are readily available from sources other than the school district; all other supply items required by the educational program approved by the board of education but which are not readily available from sources other than the school district should be deemed to be teacher supplies and therefore a contingent expense. The following is an illustrative list of supplies which may be deemed to be pupil supplies and which are readily available from sources other than the school district:

writing pads
lined composition paper, excluding wide lined primary paper
typing paper
carbon paper
Pencils, excluding primary pencils and special testing pencils
pens
erasers
rulers, yardsticks
notebooks, but not workbooks which are considered textbooks gym shorts
t-shirts
sneakers
other personal athletic needs
compass
protractors
crayons, excluding oversize primary crayons
felt tipped pens
paper clips
rubber bands
mucilage
index cards, 3 x 5, 5 x 8

Of primary concern in the determination of pupil supplies is that the list be a reasonable one and that the parent be granted the option of purchasing such items from sources other than the school.

In the event that the parent or guardian opts to purchase such supplies from a source other than the school, no charge may be imposed by the district.

The Commissioner in *Matter of Hasslacher* (Decision 9459) has determined that the school district need not afford parents the opportunity to make a piecemeal selection of items they may wish to purchase but may instead offer any or all supplies at a given total price.

10. *Budget Format*

The requirements as to budget format and availability of copies to voters applicable to budgets presented at the annual district meeting also apply to budget-related propositions for presentation at special meetings. Section 1716 of the Education Law requires that copies of proposed budgets be made available to voters during the seven days prior to the annual meeting, which requirement also applies to budget proposals for presentation at special meetings.

If it is proposed to ask voters for approval of appropriations related to more than a single function and/or object of expense, *the amount proposed to be appropriated for each purpose must be specifically indicated*. This means that a district may not properly ask voter approval for a lump sum to be used for various purposes such as transportation, equipment purchase, school lunch, and interscholastic athletics. While the total amount may be covered by a single proposition, it is essential that voters be advised of specific amounts which are proposed for each function or object. This must be done both in the wording of the proposition and in the copy of the material to be made available upon request to voters during the seven days prior to the special meeting.

APPENDIX D

Formal Opinion of Counsel No. 213 (1967)
THE UNIVERSITY OF THE STATE OF NEW YORK
EDUCATION DEPARTMENT

Since Formal Opinion of Counsel a93 (1961) with respect to the question of the powers of a board of education to levy taxes for certain purposes in the event the voters of a district have refused to approve a proposed budget, there have been changes in the statutes and a number of additional questions have arisen. The items listed in the earlier letter have been included in this one.

In this connection, section 2023 of the Education Law read as follows:

§2023. Levy of Tax for certain purposes without vote

> If the qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers' salaries, after applying thereto the public school moneys, and other moneys received or be received for that purpose, or if they shall neglect or refuse to vote the sum estimated necessary for ordinary contingent expenses, the sole trustee, board of trustees, or board of education may levy a tax for the same, in like manner, as if the same had been voted by the qualified voters.

It is to be observed with regard to teachers' salaries that the board of education has an absolute discretion. Reference in this connection should be made to subdivision 16 of section 1709 of the Education Law, which is as follows:

> §1709, subd. 16. To contract with and employ such persons as by the provisions of this chapter are qualified teachers, to determine the number of teachers to be employed in the several departments of instruction in said school, and at the time of such employment to make and deliver to each teacher a written contract as required by section thousand eleven of this chapter, except as otherwise provided by sections three thousand twelve and three thousand thirteen; and employ such persons as may be necessary to supervise, organize, conduct and maintain athletic, playground and social center activities, or for any one or more of such purposes; and to adopt rules and regulations governing the excusing of absences of all teachers and other employees and for the granting of leaves of absence to such employees either with or without pay. The regular teachers of the school may be employed at an increased compensation or otherwise, and by separate agreement, written or oral, for one or more of such purposes.

Consequently, a board of education may determine for what purposes teachers (including any position certified to the Civil Service Commission as in the unclassified service) are needed, how much they are to be paid and what the terms and conditions of employment are to be, including, of course, providing for leaves of absence. This applies whether such teachers are employed for regular school service, full or part-time, summer school, adult education or for special programs of any kind, such as the authorized driver education on Saturday (L. 1967, ch. 654).[1] In each of these cases there need only be a determination by the board of education that such services are necessary.

The question of what is an "ordinary contingent expense," however, tends to be more complicated. The following are ordinary contingent expenses:

I. *Legal expenses*
   A. Debt service-interest and principal
   B. Judgments
      1. Courts
      2. Orders of Commissioner of Education

[1] Section 3604, subdivision 8.

C. Other Legal obligations

1. Social Security and other payroll taxes and assessments
2. Preexisting contractual obligations.

II. *Expenditures specifically authorized by statute*

A. Transportation (elementary, 2-10 miles[2]; secondary 3-10 miles[2]; handicapped up to 20 miles)* (Educ. L., §3635, subd 1; but see Formal Opinion No. 226).

B. Textbooks for grades 7-12,[3] including summer school (Educ. L., §701, subd 3, see Formal Opinion No. 181).

C. Supplies for sale, rental or loan to pupils (Educ. L., §701, and subd 5).

D. Expenses in connection with membership in N.Y.S. School Boards Association, Inc. within this State (Educ. L., §1618).

E. Convention and conference expenses (Gen. Mun. L., §77-b).

F. Youth bureaus; recreation and youth service projects; and other youth programs (Exec. L., §422, 423; but *not* under Gen. Mun. L., §95, 244-b, which require authorization by voters).

G. District's share of services provided by a board of Cooperative Educational Services (Educ. L., §1958).

H. Health services (Educ. L., §912).

I. Private, Federal or State donations not involving expenditure of local money (Educ. L., §1709, subd 32).

J. Nursery school (Educ. L., §1712, subd 2).

K. Accident insurance for pupils (Educ. L., §1709, subs 8-a, 8-b).

L. In-service training for teachers (Educ. L., §1709, subd 32).

M. Eye safety devices (Educ. L., §409-a).

III. *Other items necessary to maintain the education program, preserve property and assure the health and safety of students and staff.*

The following is a partial list of such items deemed to be included in this category as an ordinary contingent expense:

1. Necessary travel expenses of board members and employees on official business
2. Amount necessary to pay for necessary legal services
3. Instructional supplies for teachers' use (regardless of program)
4. Necessary salaries for the necessary number of nonteaching employees. This not only applies to custodial and maintenance personnel, except cafeteria employees, but also to all other nonteachers such as the business manager and clerical personnel. Salary increases or increments may not be provided for these employees unless it is impossible to assure qualified personnel for the minimum service, in which case these employees may be paid necessary amounts.
5. Fuel
6. Water
7. Light and power
8. Telephone
9. Use of school buildings for the purpose of teachers' meetings and PTA meetings with school-connected purposes. These do not include programs of entertainment or of a social nature
10. Emergency repairs of school plant
11. Maintenance of necessary sanitary facilities
12. Necessary expenditures for complying with Regulations of the Commissioner of Education pertaining to such items as fire alarm systems and fire escapes
13. Temporary rental of essential classroom facilities
14. Expenses for capital outlay are not ordinary contingent expenses. However, certain expenses, such as for emergency repairs, or to equip a classroom or classrooms where it is essential to house additional students, would be deemed ordinary contingent expenses. This does not include replacement of equipment, however.
15. Required civil defense equipment
16. Materials used in classes by students where uniformity is essential to the program or to preserve health and safety (chemicals, etc.)
17. Newspapers and periodical subscriptions for libraries and classroom use where essential for instruction or to preserve continuity of sets
18. Options on land where the price of the option is nominal
19. Expenditures necessary to advise district voters concerning school matters
20. Preliminary plans and specifications needed to submit propositions to voters

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[2] Maximum distance raised to 15 miles by Chapter 755 of the Laws of 1974.

[3] Section 701 was amended by Chapter 587 of the Laws of 1973 to include textbooks in grades K-12.

* Now 50 miles for handicapped since amendment by Chapter 853 of the Laws of 1976.

The following is a partial list of *items* not deemed to be an ordinary contingent *expense*:

1. Fee for evaluation of school system by the Middle States Association of Colleges and Secondary Schools
2. Fees for surveying school system by various individuals, groups, or organizations
3. Rental of office equipment, computers, etc.; rental of typewriters for secretarial help *is* clearly an ordinary contingent expense
4. Use of school buildings and grounds by outside organizations except where there is no identifiable extra cost to the district or such cost is fully paid by a donation before the activity occurs
5. Capital expenditures, except in an emergency
6. Transportation and maintenance of interscholastic athletic teams
7. Pupil uniforms whether for athletic activities or otherwise

*8. Cafeteria and school lunch operation, whether or not it is considered self-supporting. This means termination of the milk program and of the contract with the Education Department in connection with surplus foods. Surplus foods on hand will need to be returned and the expense of returning such surplus food is an ordinary contingent expense.

9. New library books.

If a controversy arises as to the application of what is an ordinary contingent expense as far as some particular item is concerned, an appeal lies to The Commissioner of Education under section 310 of the Education Law. See section 2024 of the Education Law, which reads as follows:

*Since the issuance of Formal Opinion of Counsel No. 213, the law has been amended rendering this statement obsolete. Section 1709, subdivision 22, now provides for the continued operation of a school food service program without "voter approval" providing two conditions are met: a. The program was operated during the preceding school year, and b. no "tax levy" is required for the operation of the program. The latter is interpreted as a budgetary appropriation.

§2024. *Reference to Commissioner of Education.*—
If any question shall arise as to what are ordinary contingent expenses the same may be referred to the commissioner of education, by a statement in writing, signed by one or more of each of the opposing parties upon the question, and the decision of the commissioner shall be conclusive.

The New York State Regulative Commission on Expenditure Review has published a helpful listing of Mandated, Discretionary and non-Mandated Educational Expenses:

Legally Mandated Expenses

Adequate certificate personnel; this includes teachers, administrators and certain pupil personnel services,
Adequate support personnel
Social Security,
Retirement costs,
Contractual obligations of the district,
Bond principal and interest,
Legal advertising,
Fuel, electric power, water and telephone,
Washroom supplies,
Essential maintenance,
Copies of budget for voters,
Fire insurance coverage,
Annual audit,
BOCES administrative costs (if a component district of BOCES),
Bonds — tax collector and treasurer, and
Textbooks.

Discretionary Expenses

Summer school,
Continuing education,
Pupil accident insurance,
Commencement speaker,
In-service training,
State school boards association membership
Conference travel,
Certain pupil personnel services — dental hygiene, social services,
Certain instructional areas — kindergarten, nursery school, driver education, foreign language in elementary school,
Curricular program,
Town youth projects,
Lease of space, and
BOCES shared services.

Restricted — Require Authorization of the Voters

Anything determined nonessential by board (and not required by State mandates),
Planned balances,
Library books,
Budget support for school food service,
New equipment — additional or replacement,
Budget support for interscholastic athletics,

School study councils for pupils' use,
Extended transportation services,
Field trips,
District operated recreation,
Nonessential maintenance,
Building and grounds improvements,
Public use of buildings, and
Additional noninstructional staff.